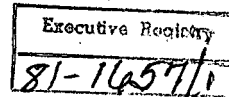


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8 JUL 1981

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

VIA : Director, National Foreign Assessment Center

FROM : Maurice C. Ernst
Director of Economic Research

SUBJECT : Law of the Sea, the Cancun Summit,
and Gold

1. Action Requested: None. Response to your memorandum of 2 July 1981.

2. Responsibility for NFAC's work on the Law of the Sea resides in OGSR. I gave Jim Lynch a copy of your 2 July memorandum; Jim has provided a response for you, attached at Tab A.

3. NFAC is involved in supporting the President's participation at this October's Cancun Summit. As in the case of the Ottawa Economic Summit, the Vice President has overall responsibility for the Cancun preparatory process. The Vice President has asked Mike Rashish to chair an inter-agency working group to develop USG planning of both the substance and procedure for Cancun. As indicated in the attached memorandum from Rashish to John McMahon (Tab B), he wants CIA support for the Cancun Summit. We are providing it. [REDACTED]

[REDACTED] DO/IAD/PE have been working with Ambassador Charles Meissner to coordinate NFAC and DO support for the 1-2 August preparatory meeting in Cancun, to be attended by Secretary Haig. This support will take several forms, including preparation of an overview paper describing the political dynamics and posturing that President Reagan is likely to encounter in Cancun this October. As the Summit process unfolds, NFAC's role will probably expand somewhat. On the commodities side, OER is continuing to monitor major negotiations -- such as the Multifiber Arrangement -- and track trends of key commodities. Since most negotiations quickly become extremely detailed and arcane, OER has focused its efforts on providing overviews, to place the negotiations in perspective.

Entire memorandum is
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4. You asked about OER's work on world gold production, gold sales and the implications of remonetizing gold. OER analysts have been working with their counterparts in Treasury and CEA to support the analysis being done for the President's Gold Commission, chaired by Treasury Secretary Regan. We are giving special emphasis to the possibilities for foreign markets or nations to frustrate US use of gold as a standard. Should the possibility of remonetizing US gold become a likelihood, OER will supplement its collection requirements in an effort to anticipate international reactions to US policy changes and how the international gold market will deal with the changed environment.



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MAURICE C. ERNST

Attachments:

Tab A

Tab B

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